

## VIRGINIA

Law	Title 58.1, Chapter 21, Motor Fuel and Special Fuel Tax; Chapter 3 (income tax); Chapter 24 (sales tax)
Definitions	<b>Anhydrous ethyl alcohol:</b> ethyl alcohol or ethanol of at least 198.5 proof. <b>Blended fuel:</b> fuel produced by blending ethanol into gasoline. <b>Clean special fuels:</b> all products or sources when compared to conventional gasoline or reformulated gasoline will result in lower emissions or oxides of nitrogen, volatile organic compounds, carbon monoxide or particulates, and includes CNG, LNG, LPG, hydrogen, hythane (CNG and hydrogen), and electricity. <b>Fuel:</b> all combustible gases and liquids used to propel motor vehicles. <b>Motor fuel:</b> gasoline and all additives when blended with gasoline, regardless of their classifications or uses. <b>Synthetic motor fuel:</b> motor fuel containing at least 25% coal-based liquids. [Sec. 58.1-2101]
Tax Rate	17.5¢ per gallon for motor fuels. [Sec. 58.1-2105] 16¢ per gallon for special fuels and clean special fuels. [Sec. 58.1-2116] Motor carriers of property pay a road tax of 19.5¢ per gallon. [Sec. 58.1-2701]
Tax Breaks	None. Tax of 10¢ per gallon for clean special fuels expired 7/1/98.
Exemptions	Tax on fuel used in auxiliary engines and for agricultural vehicles is mostly refundable. [Sec. 58.1-2111]
Gasohol	Deemed a motor fuel, by definition.
Special Provisions	None. Credit or refund for use on non-Virginia highways limited to 16¢ for motor fuel and diesel fuel, and 10¢ for liquefied gases. [Sec. 58.1-2706]
Income Tax	Effective for tax years beginning on or after 1/1/93, a tax credit is allowed against income or gross receipts tax equal to 10% of deduction allowed under IRC Sec. 179A, or 19% of costs used to compute credit under IRC Sec. 30 for purchases of

clean-fuel vehicles principally garaged in Virginia. Additional credit is allowed for 20% of the purchase or lease price for equipment certified by the state in emission inspection areas. Credit can be carried forward for up to 5 succeeding years. [Sec. 58.1-438.1]

#### Sales Tax

Effective 1/1/96 through 12/31/99, the sales tax on vehicles manufactured, converted or retrofitted to use clean special fuels is 1.5% (a 50% reduction). Owners may receive a refund on tax paid for vehicles converted or retrofitted within 6 months of titling in Virginia. [Sec. 58.1-2423.1]